



October 20, 2011

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Ex Parte Notice

In the Matter of Connect America Fund, WC Docket No. 10-90; A National Broadband Plan for Our Future, GN Docket No. 09-51; Establishing Just and Reasonable Rates for Local Exchange Carriers, WC Docket No. 07-135; High-Cost Universal Service Support, WC Docket No. 05-337; Developing a Unified Intercarrier Compensation Regime, CC Docket 01-92; Federal-State Joint Board on Universal Service, CC Docket No. 96-45; Lifeline and Link-Up, WC Docket No. 03-109

Dear Ms. Dortch:

On Tuesday, October 18, 2011, Joshua Seidemann and the undersigned on behalf of the National Telecommunications Cooperative Association, together with John Rose and Stuart Polikoff of the Organization for the Promotion and Advancement of Small Telecommunications Companies, Derrick Owens on behalf of the Western Telecommunications Alliance, Paul Cooper from Fred Williamson Associates, Robert DeBroux from TDS Telecommunications Corporation, Jeff Smith from GVNW, Steve Meltzer from John Staurulakis, Inc., Mark Gailey of Totah Communications, Larry Thompson of Vantage Point Solutions, and Jim Frame and Jeff Dupree of the National Exchange Carrier Association (collectively, the “Rural Representatives”) met with Rebekah Goodheart, Al Lewis, Steve Rosenberg, Randy Clarke, Kevin King, Jenny Prime, and Marcus Maher. Messrs. Smith, Meltzer, Gailey, and Frame participated via telephone.

In the meeting, the Rural Representatives discussed potential avenues and proposals for reform of existing intercarrier compensation (“ICC”) mechanisms through adoption of an order in the above-referenced proceedings. We discussed implementation of ICC reforms consistent with the plan filed by a number of national, regional, and state associations on April 18, 2011, as updated by the “Consensus Framework” joint letter submitted on July 29, 2011 (the “RLEC Plan”). See Comments of NTCA, *et al.* (filed April 18, 2011), at 7-36, 61-74, and Appendices A and C; *Ex Parte* Letter from US Telecom (filed July 29, 2011). Our discussion also addressed the following issues:

Restructure Mechanism. The Rural Representatives noted the essential nature of a restructure mechanism (“RM”) as part of a rate-of-return cost recovery mechanism. Shortfalls in the recovery of interstate or intrastate switched access costs will lead to: (1) higher rates for consumers (where such rates can be raised) in violation of the “reasonable comparability” standard under Section 254 of the Act; (2) carriers retrenching on service in their highest-cost areas; and/or (3) carriers refusing to invest in newer, more efficient switching technologies (such as softswitches) for fear that such costs will be unrecoverable. The Rural Representatives urged the Federal Communications Commission (the “Commission”) to adopt a fully compensatory RM, such as that set forth in the RLEC Plan and Consensus Framework. In particular, the Commission should ensure that the RM will maintain the core principles of rate-of-return regulation in the interstate jurisdiction and encourage responsible investment in upgraded switching equipment in RLEC areas. The Rural Representatives also urged the Commission to ensure that all expenses incurred in connection with non-access calls originating on RLEC networks are included in the definition of “net reciprocal compensation” for purposes of ICC restructuring.

Imposition of Access Recovery Charges on Multiline Business Customers. The Rural Representatives discussed the potential imposition of different subscriber line-like charges for access recovery on multiline business customers. Unlike some larger carriers, most RLECs already assess maximum subscriber line charges (“SLCs”) on multiline business customers (*i.e.*, \$9.20), and the Commission should be concerned about adding several more dollars to a customer’s bill over time without reference to any maximum rate benchmark or otherwise taking into account what they already pay in SLCs. The Rural Representatives therefore urge the Commission to subject multiline business customers to the same SLC-like access recovery charge as other customers, in lieu of adopting a different rate for such customers.

Rural Transport. Consistent with prior advocacy, the Rural Representatives urged the Commission to adopt a “rural transport” rule consistent with that proposed in an *ex parte* being filed under separate cover on this same date. *See also* Comments of NTCA, *et al.* (filed August 24, 2011), at 41-42. Such a rule has been under consideration in this proceeding since at least 2006, *see Ex Parte* Letter from NARUC Task Force on Intercarrier Compensation (filed July 24, 2006), at Sections I.A and I.C.1, and remains necessary to ensure that the obligations of RLECs to carry originating non-access traffic do not extend beyond their service area boundaries. Absent such a rule, RLECs could be forced to incur unrecoverable transport costs at a time when ICC reforms may already have a negative impact on network cost recovery and could introduce new ambiguities on transport and interconnection obligations. Finally, we discussed concerns with respect to calls between wireline and wireless networks where a call is wireline-originated or where a wireless carrier chooses to route a call through an interexchange carrier in lieu of direct interconnection or the use of indirect local or EAS interconnection transiting facilities.

Ms. Marlene H. Dortch

October 20, 2011

Page 3

Phantom Traffic. Consistent with prior advocacy, the Rural Associations requested that the Commission ensure the mid- to long-term efficacy of any phantom traffic rules it might adopt by not only requiring the accurate identification of the jurisdictional nature of any call, but also mandating the identification of the carrier or service provider responsible for that call. Comments of NTCA, *et al.* (filed April 1, 2011), at 16-30. We also noted that there was no legal basis to differentiate between information in the signalling stream and information in billing records with respect to what might be required of a carrier or other providers in connection with the proper billing of calls.

Pursuant to Section 1.1206 of the Commission's rules, a copy of this letter is being filed via ECFS with your office. If you have any questions, please do not hesitate to contact me at (703) 351-2016 or mromano@ntca.org.

Sincerely,

/s/ Michael R. Romano

Michael R. Romano

Senior Vice President - Policy

cc: Rebekah Goodheart
Al Lewis
Steve Rosenberg
Randy Clarke
Kevin King
Jenny Prime
Marcus Maher